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C O N F I D E N T I A L SECTION 01 OF 02 OTTAWA 003132

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SUBJECT: CANADA'S LIBERALS ON THE DEFENSIVE: POLITICAL
BACKDROP FOR PRESIDENTIAL VISIT

REF: OTTAWA 3115

Classified By: Political Minister Counselor Brian Flora, reasons 1.4 (b)
) (d)

11. (C/NF) Summary: Just over ten days in advance of President Bush's visit to Canada (reftel), PM Martin,s Liberals were hit from three sides in Parliamentary Question Period November 18. Conservatives criticized the PM,s slow disciplining of anti-American MP Carolyn Parrish, questioned the Party's knowledge of a former Liberal Minister,s alleged mafia ties, and accused the Immigration Minister of impropriety. The three cases received front-page attention the following day, and their negative impact for the PM and his Liberal caucus will likely drag on for some time. The Liberal Party is already hamstrung by its minority government status, and this will make things even more difficult for Martin to pursue his agenda. The only good news is that anti-American MP Parrish's ejection from the Liberal Party will save Martin from the guilt by association that he has been enduring because of her. End Summary

12. (C) This cable offers additional political background in advance of President Bush's visit to Canada November 30 to December 1 (see reftel).

PARRISH THE THOUGHT: CAROLYN GETS THE BOOT

13. (C) Thursday,s Question Period in Parliament brought to the public three embarrassments for the Martin government. Just prior to the Question Period Martin finally put his foot down and gave Carolyn Parrish the boot. In a tersely worded statement he said &After speaking with the caucus executive earlier this afternoon, I am announcing the decision, effective immediately, to dismiss Carolyn Parrish from the government caucus. . . I told her that, while I have defended her right to express her views frankly, I cannot, as Leader of our Party and the government caucus, tolerate behavior that demeans and disrespects others. . .8

14. (C) The decision came after two incendiary incidents, Parrishisms as they are known here. First, a Parrish skit that will air tonight on a popular Canadian television program of political satire -- &This Hour has 22 Minutes,8 was previewed in the press Thursday. In the skit, Parrish is seen crushing a George W. Bush doll with her boot, laughing as she grinds it into the carpet. This of course, was added to Parrish,s many &off camera8 remarks about the American bastards8 and the &coalition of the idiots.8 Parrish followed this up by stating in an interview that the reason Martin can,t control her is that she has &absolutely no loyalty to this team -- none. After what they put me through and lots of my colleagues, they can all go to hell.8 She went on to state that she would not be upset if Martin loses the next election, and continued her diatribe Friday by stating that she was relieved to be out of the party,&which is no longer the party of Trudeau, Pearson, or Chretien.8

15. (C) Parrish will still be a member of Parliament, joining the other independent Chuck Cadman. (Cadman, a staunch conservative, will probably be less than thrilled by the prospect of sharing a bench with Parrish.) The move leaves the Liberals with 132 seats (taking out Speaker Milliken who only votes to break a tie), which, when added to the 19 NDP totals 151. The Conservatives and Bloc together have 153 (99 and 54). The two independents thus become very significant players in contentious votes, as does the Speaker. Presumably, Parrish will be less likely to help the government than Cadman will be to help the opposition.

16. (C) The Conservatives used question period to spotlight the fact that Martin did not move against Parrish for her many attacks against the United States, but when she attacked him she was put out immediately. Parrish,s riding outside Toronto is reported by the Globe and Mail to be reacting with a combination of &pride, anger, and amusement8 to Parrish,s antics and her ouster from the Liberal Party.

ALL IN THE FAMILY: FORMER MINISTER ACCUSED OF MOB TIES

17. (C) Staying on the offensive, Opposition Leader Stephen Harper then raised allegations in Question Period that former Liberal Cabinet Minister Alfonso Gagliano had ties to the Bonanno crime family in New York. The accusations, which were reported November 18 in the New York Daily News, were based on FBI documents which are quoted in the National Post, as follows: & was shown a picture of Alfonso Gagliano. Lino stated he recognized Gagliano from his trip to Montreal in the early 1990,s. Lino advised that Gagliano was introduced to him as a soldier in the Bonanno family by Joe Lopresti, another Bonanno member in Canada. At a dinner, Lopresti bragged to the individual that the Montreal Bonannos had such extensive connections, including to Gagliano, a politician.8

18. (C) Harper asked the PM in Question Period whether the government was aware of these accusations and when it became aware of them? Martin replied that he had not seen the report until that morning, but stated that the accusations were very serious and &everyone should be careful about accepting or in fact repeating such allegations in a premature way.8 The story was front page above the fold news in all major dailies, and the details as reported in the press cut several different ways. Lino, according to some involved in the Bonanno family case, has questionable credibility (he reportedly pleaded guilty to six murders and is an admitted drug user). On the other hand, Gagliano, an accountant, admitted in 1994 to keeping books for a convicted mob figure in Montreal (the RCMP later cleared Gagliano of any wrongdoing in the case but the individual in question served six years). It is the kind of case that will drag on for weeks or months as accusations and counter-accusations surface.

THE CITIZENSHIP FOR STIPPERS PROGRAM

19. (C) In a rare triple-header, the Conservatives then turned on Immigration Minister Judy Sgro, who was accused of fast-tracking the citizenship petition of a Romanian stripper who worked on Sgro,s campaign part-time. Tory MP Monte Solberg also demanded an explanation for the \$11,000 lodging and per diem expenditures for Ms. Sgro,s political staff in Toronto during the election. Sgro responded regarding the nude dancer petition that &all the things I have done have been based on humanitarian and compassionate grounds. How dare they question a person,s lifestyle and suggest that they are less worthy.8 She then defended the temporary duty during the election by stating that all the spending by her staff conformed completely with treasury department rules. Solberg responded for the Opposition: &I do not think the immigration minister understands how serious the situation is. If she will not answer, will she step aside until the ethics commissioner finishes his investigation?8

COMMENT

10. (C/NF) Overall it was not a good day for PM Martin, who departed later in the afternoon for a 10-day trip to Latin America and Africa. The Parrish dismissal was inevitable and takes away an ongoing thorn in the PM,s side. Parrish will retain the capacity to embarrass Canada, but will no longer heap shame on the Liberal Party and provide such rich material for the Conservatives in Question Period. The significance of the Gagliano case, according to one commentator, is not what actually happened, but the fact that a mob figure has been tied to the Liberals at all, at a time when they are still digging out of the sponsorship scandal. It will be a millstone around the Liberal,s neck and Harper,s team will look to milk it for everything it is worth. And the Sgro controversy will likewise conjure up images of a Liberal Party that skirts the rules whenever it suits it.

11. (C/NF) While the minority Liberal government does not seem to be in danger of falling anytime soon, taken together these cases further weaken Martin personally, who comes out looking tepid for his slow disciplining of Parrish and his failure to investigate earlier allegations against Sgro. It was probably a good time to get away.

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